

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting

)

Docket No. RM2003-3

OFFICE OF THE CONSUMER ADVOCATE
COMMENTS ON NOTICE OF PROPOSED RULEMAKING
TO REVISE THE COMMISSION'S PERIODIC REPORTING RULE
(February 10, 2003)

The Office of the Consumer Advocate ("OCA") hereby responds to the Commission's Notice of Proposed Rulemaking ("Notice") inviting comments on or before February 10, 2003 on the Commission's proposal to revise the Commission's periodic reporting rules in 39 C.F.R. §3001.102 ("Rule 102").¹

The proposed changes are intended to update Rule 102 (Filing of reports) to capture changes in the Postal Service's standard data reports, collect more complete data, to make the filed data easier to use, and to obtain the information in an electronic format. The rule changes would eliminate the Postal Service's need to routinely file investment income reports as they have become a minor component of total revenues. The periodic reporting of cash flow statements would be eliminated as they are now routinely provided in other periodic reports filed by the Postal Service. New reporting requirements would include the filing of the Postal Service's Integrated Financial Plan, updated workpapers documenting the CRA data to show the Postal Service's current distribution of attributable processing costs using MODS pools, together with

¹ "Notice of Proposed Rulemaking to Revise the Commission's Periodic Reporting Rule," Order No. 1358, January 8, 2003.

comprehensive spreadsheet workpapers calculating attributable costs by cost component. The documentation is the equivalent of the "B" workpapers provided by the Postal Service in a general rate proceeding. This documentation will be required to be filed within certain timeframes for both the CRA-USPS Version and the CRA-PRC Version (based on audited accrued costs and with corrections to various factors that are made to the audited CRA-USPS Version). The reports are to be submitted as electronic files that can be read by publicly available PC software. The time for filing billing determinants for Express Mail, Priority Mail, and parcel post would be shortened to 12 months after the close of the Postal Service's fiscal year.

The OCA has reviewed all of the Commission's proposed rule revisions and supports the Commission's changes as necessary and desirable in the administration of the Postal Reorganization Act. The early availability of this information through periodic reporting will be extremely useful to the OCA and other parties to Commission proceedings reviewing rate and classification filings and will facilitate data review during those proceedings.

Respectfully, the OCA offers other suggestions for modifications to Rule 102. For the most part, these consist of annual reports that the Postal Service is required to file with Congress each year. The Postal Service is required to file an annual report to Congress pursuant to Title 39, Chapter 24. To meet this requirement, the Postal Service files a Comprehensive Statement of Postal Operations annually pursuant to §2401(e) of Title 39.² The Statement must include matters such as the plans, policies,

² The relevant statutory language states, in part, "The Postal Service shall present...a comprehensive statement relating to the following matters: (1) plans policies and procedures of the Postal Service...." 39 U.S.C. 2401(e). This statement has been filed annually since 1976.

and procedures of the Postal Service designed to comply with the fundamental policies of the Act set out in §101 of Title 39, data on the speed and reliability of service for the various classes of mail and types of mail service, volume, productivity, trends in operations, the impact of factors affecting the Postal Service, actual and estimated expenditures and obligations and the sources of funds.

As part of the Comprehensive Statement of Postal Operations the Postal Service is also required pursuant to §2803 of Title 39 to include an Annual Performance Plan covering each program activity set forth in the Postal Service budget.³ Unless infeasible, the performance plan shall establish performance goals by program activity expressed in a quantifiable, measurable form with the resources required to meet those goals, performance indicators, a basis for comparison of results with the goals and the means to verify and validate measured values.⁴

In addition, the Postal Service is required to file annually with Congress, pursuant to §2804 of Title 39, Program Performance Reports that are also required to be included in the aforementioned Comprehensive Statement on Postal Operations. The Postal Service reports the performance indicators in the Postal Service's Performance Plan and the actual program performance achieved compared with the performance plan goals. The report includes results for the three preceding fiscal years. Each report reviews performance successes, evaluates the performance plan for the current year, and discusses unmet performance goals.

³ The Government Performance Results Act of 1993 imposed new strategic planning, performance, and reporting requirements on the Postal Service. These were codified in Chapter 28 of Title 39 of the U.S. Code.

⁴ The Annual Performance Plan has been included as a preliminary document in the Comprehensive Statement on Postal Operations. The FY 2003 Annual Performance Plan was issued as a separate document by transmittal letter of September 30, 2002.

The Postal Service also is required to file pursuant to §2802 of Title 39 a Strategic Plan containing a mission statement and general goals and objectives stating how the goals and objectives will be achieved together with external factors affecting the achievement of those goals and objectives and program evaluations. This strategic plan shall cover a period of not less than five years and must be is revised at least every three years.

The Commission should require the filing of the Comprehensive Statement on Postal Operations and the Strategic Plan and any other reports filed by the Postal Service with Congress pursuant to Chapters 24 and 28 of Title 39.

The OCA proposes an additional annual report to be filed pursuant to the revised Rule 102 as Rule(a)(12). The Integrated Financial Plan that the Commission proposes the Postal Service file annually pursuant to a new Rule 102(a)(11) will provide additional useful information but it does not include the detail desired for a full analysis of the financial budget prepared by the Postal Service. The Integrated Financial Plan includes an operating plan for total *annual* operating revenues, appropriations, investment income, and expenses and volumes. It does not break those categories into accounting periods. Currently the Postal Service only files the operating budget information by accounting periods in its "Summary Financial and Operating Statements" filed after the end of each accounting period. Currently, the Commission only periodically receives information on the Postal Service's planned operating budget by accounting periods some weeks after the end of each accounting period. The Postal Service prepares an operating budget by accounting period around the beginning of each fiscal year. That projected operating budget, including all of the detail, is currently only filed after the fact

in the Summary Financial and Operating Statements.⁵ OCA believes that the budget should be filed with the Commission when it is first approved by the Board of Governors. The Commission and the public should not have to wait until several weeks after each accounting period to find out the Postal Service's budgeted operating plans for each accounting period. The OCA, therefore, requests that the Commission also require the Postal Service to file annually, upon Board approval, each operating plan broken down by accounting period in the detail currently included in the Postal Service's Summary Financial and Operating statements filed pursuant to Rule 102(c)(2), specifically:

- (a) Highlights (as presented on page 1)
- (b) Statement of Income & Expense (as presented on page 2)
- (c) Revenue by Category (as presented on page 5A)
- (d) Expense Analysis (as presented on page 6)
- (e) Analysis of Operating Expenses (as presented on page 7)
- (f) Analysis of Non-Personnel Expenses (as presented on page 8)
- (g) Work Hours & Overtime/Sick Leave Ratios (as presented on page 14)

⁵ See, for instance, the OCA interrogatory and the USPS response in Docket No. R2001-1, OCA/USPS-T6-2. The response includes budget information by accounting period that is much more detailed and informative than the annual totals included in the Postal Service's Integrated Financial Plan provided in response to another interrogatory in the same docket, OCA/USPS-T6-4.

Wherefore, OCA respectfully requests that the preceding modifications be incorporated into the amendments to the periodic reporting rule proposed by the Commission in Order No. 1358.

Respectfully submitted,

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